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Rental Housing Protection Act

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RENT CONTROL



Ontario

Ministry
of
Housing

RENTAL HOUSING PROTECTION ACT

The *Rental Housing Protection Act* is designed to preserve the supply of rental housing in the province.

The Act restricts certain activities which reduce the stock of rental housing.

Rental property means a building or related group of buildings containing one or more rental units. A rental unit means premises used for residential purposes, whether occupied by a tenant or currently vacant.

Under the Act, a landlord must make application to municipal council for approval to convert all or part of a rental property to condominium, co-operative, to certain transient accommodation, or any use other than rental residential, or to demolish, renovate, or sever the rental property.

However, the application of the Act is restricted by the population of the municipality, the size of the rental property, and other factors.

Most of the provisions apply only to municipalities which are listed in the regulations under the Act, and these include all municipalities with a population of 50,000 or more. Certain provisions regarding conversions to condominium or co-operative do, however, apply in all Ontario municipalities.

This brochure has been prepared to explain the different applications of the Act. Please read it carefully, and if you have any questions, call the information number at the end of this brochure.

For greater certainty, please refer to the legislation and regulations — *Rental Housing Protection Act* R.S.O. 1990, c. R24; and Ontario Regulation #1000 as amended.

THE RENTAL HOUSING PROTECTION ACT DEALS WITH:

- Conversion of rental property to a condominium.
- Conversion of rental property to hotel, motel, tourist home, inn or apartment hotel, or to a use other than for rental residential purposes.
- Conversion of rental property to a co-operative.
- Demolition of rental property.
- Consent to sever rental property.
- Renovation or repair of rental property.
- Giving certain Notices of Termination of a residential tenancy.

The Act also applies to a number of other matters pertaining to the protection of rental property.

CONVERSION OF RENTAL PROPERTY TO A CONDOMINIUM

In all Ontario municipalities, approval of municipal council is required to convert all or part of a rental property, whether occupied or currently vacant, to a condominium.

EXEMPTION:

- A rental property may be exempt from the requirement for municipal council approval of conversion to condominium if the owner can show that he or she always intended to register the property as a condominium. In most cases, the intention must be shown before any of the units have been occupied as rental units, unless the people occupying the rental units are those who are purchasing the units. The methods by which an owner can show the intention to register the property as a condominium are specified in the regulations.

CONVERSION OF RENTAL PROPERTY TO CERTAIN TRANSIENT ACCOMMODATION OR TO NON-RENTAL USE

Approval of municipal council is required to convert the use of all or part of a rental property, whether occupied or currently vacant, to a hotel, motel, tourist home, inn or apartment hotel, or to a use other than for rental residential purposes.

EXEMPTIONS:

- Properties with four or fewer residential units.
- Municipalities with a population below 50,000 unless named in the regulations.
- Situations where the portion of the rental property converted contains no residential units, and where this conversion does not require vacant possession of a rental unit located in the rental property.

CONVERSION OF RENTAL PROPERTY TO A CO-OPERATIVE

Approval of municipal council is required to convert all or part of a rental property, whether occupied or currently vacant, to a co-operative form of ownership. This requirement applies in all municipalities in Ontario.

The conversion to a co-operative form of ownership takes place at the first sale or lease of an interest in the rental property, or of a share in a corporation owning or leasing any interest in the rental property, that carries with it the right to occupy a unit in that property.

Conversion may also occur when a rental property is transferred or leased to a corporation having more than one shareholder, where any shareholder has the right to present or future exclusive possession of a unit in the rental property.

Three examples of the many co-operative arrangements are:

- “Co-ownership co-operatives” where investors obtain a percentage interest in a building and enter into agreements among themselves giving an investor the right to occupy a specific unit. For example, ten investors own a 10-unit building; each holds a 10% interest, and has an occupancy agreement related to a unit in the building.
- “Equity co-operatives” where a company owns a building and shareholders in the company obtain the right to occupy specific units.

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- “Limited Partnership co-operatives” where, commonly, a limited partnership owns a building and a limited partner, in return for his or her investment in the partnership, receives the right to occupy a specific unit.

EXEMPTIONS:

- Properties with four or fewer residential units.
- Conversions to non-profit co-operatives, as defined in the *Residential Rent Regulation Act*.

Where the rental property was converted to a co-operative before July 10, 1986, the conversion is not covered by the Act.

SALE OF A SHARE OR INTEREST IN AN EXISTING CO-OPERATIVE

This Act prohibits the sale or lease of any interest in a co-operative or share in a corporation owning or leasing an interest in a co-operative which was converted without municipal council approval.

EXEMPTIONS:

- Properties with four or fewer residential units.
- Instances where the rental property was converted to a co-operative without violating the Act or a predecessor of the Act. For example, where the co-operative was created prior to July 10, 1986; or where the co-operative was created in a municipality of a population of 25,000 or less, and before June 30, 1989.
- Instances where the co-operative was created in a building which was not subject to this Act.

Where the conversion to co-operative violates the Act or its predecessor, the purchaser or lessee of a share or interest to which occupancy rights to a unit in the rental property were attached may take civil action against the vendor or lessor of such shares or interests. In such a civil action, a Court can order the purchase or lease to be voided, and can order the vendor or lessor to return to the purchaser or lessee any amount paid to acquire the share or interest.

DEMOLITION OF RENTAL PROPERTY

Approval of municipal council is required to demolish rental property, whether the property is occupied or currently vacant.

EXEMPTIONS:

- Properties with four or fewer residential units.
- Municipalities with a population below 50,000 unless named in the regulations.
- Instances where the municipality has issued an order for demolition under the *Building Code Act*, the *Fire Marshals Act*, or the *Planning Act*.
- Rental property demolished under certain government housing programs.
- Instances where the demolition would involve portions of the property which contain no residential units, and would not require vacant possession of any rental units.

Projects do not require municipal council approval if all necessary permits were obtained prior to July 10, 1986. If the property was vacant, municipal approval is not required if all necessary permits were obtained before January 31, 1989.

CONSENT TO SEVER RENTAL PROPERTY

Approval of municipal council under this Act is required prior to consent being given to sever a rental property, whether occupied or currently vacant, into individual properties.

EXEMPTIONS:

- Properties with four or fewer residential units.
- Municipalities with a population below 50,000 unless named in the regulations.
- Any consent to sever consisting solely of an easement or right-of-way.
- Properties where, after severance, one portion would be vacant or contain buildings with no residential units and the other would contain a building or buildings with rental units subject to the Act.
- Where the severed portions of land each would contain a rental property which is subject to the Act.

If a certificate has been issued granting a consent to sever under the *Planning Act* before July 10, 1986, approval of municipal council is not required under the *Rental Housing Protection Act*. If a certificate has been issued granting a consent to sever a vacant rental property before January 31, 1989, approval is not required under the *Rental Housing Protection Act*.

RENOVATION OR REPAIR OF RENTAL PROPERTY

Approval of municipal council is required to undertake renovations or repairs if the eviction of existing tenants is required. Approval is also required if the rental property or unit is currently vacant, and the renovations are extensive enough that vacant possession would be required if the unit or rental property were occupied.

EXEMPTIONS:

- Properties with four or fewer residential units.
- Municipalities with a population below 50,000 unless named in the regulations.
- Instances where an order has been issued for repairs under the *Building Code Act*, the *Fire Marshals Act*, the *Planning Act*, or the *Residential Rent Regulation Act*.
- Rental properties renovated or repaired under certain government housing programs.

Projects currently underway can continue and notices of termination can be given to tenants if all required permits were obtained prior to July 10, 1986. Where the rental property was vacant, the renovations or repairs do not require municipal council approval under the Act if all required permits were obtained before January 31, 1989.

GIVING CERTAIN NOTICES OF TERMINATION OF A RESIDENTIAL TENANCY

Approval of municipal council must be obtained before notices of termination of tenancy for demolition, renovation or repair, or conversion of use, (such as to condominium, co-operative, certain transient accommodation, or any non-rental use) can be given to tenants. Municipal council approval must be obtained before a Court order for possession of a rental unit on these grounds can be issued.

Approval of municipal council is also required in certain instances where a landlord wishes to give notices of termination for personal possession of a unit.

EXEMPTIONS:

- Properties with four or fewer residential units.
- In instances of eviction for personal possession, where:
 1. No tenant has vacated a rental unit in the property in the last three years in response to a notice of termination given on the same grounds.
 2. Notices of termination on the same grounds have never, within any 60 day period, been given in respect to any two or more rental units in the property.

If all required permits or approvals for the conversion of use, demolition or repair were obtained before July 10, 1986, notices for termination for these purposes may be given.

APPROVAL CRITERIA

A municipal council cannot approve an application to allow an activity which is restricted by the *Rental Housing Protection Act* unless at least one of the following criteria outlined in the regulations is met:

- The Council finds that a rental property should be demolished because it is structurally unsound. The municipality may request a report about the condition of the rental property in order to make this assessment; or
- The Council finds that the rental property is structurally unsound and, where tenants are in occupation of a rental unit, vacant possession is required to do the renovations or repairs. The municipality may request a report about the condition of the rental property in order to make this assessment; or
- The applicant will provide accommodation at a similar rent and quality in the same area for the tenants who are evicted, and will provide the same number of new rental units in a similar rental range in the same area; or
- In the opinion of the council, the proposal will not adversely affect the supply of affordable rental housing in the municipality.

EXEMPTIONS FROM THE APPROVAL CRITERIA:

In considering an application to convert rental property to condominium or a co-operative, the municipal council does not have to apply the approval criteria in:

- Municipalities with a population below 50,000 unless named in the regulations.

Furthermore, when considering conversions to condominium, council does not have to apply the approval criteria in regards to:

- Rental properties with four or fewer residential units.

NOTICE

Under the Act, an individual who applies to a municipal council for approval of an activity covered by the legislation must notify the tenants of the application.

The clerk of the municipal council must give notice of a public meeting to hear the application, and give notice of council's decision on the application to any interested parties.

HEARING

The municipal council must hold a public hearing on the application. Anyone may give their views to council about the application. A person must request to be notified of the decision.

APPEALS

The decision of a municipal council can be appealed by any person to the Ontario Municipal Board. The decision of the Board is final.

HARASSMENT

Harassment intended to interfere with a tenant's right to participate in the application or appeal process under the Act is prohibited.

PENALTIES

The penalties for contravening the *Rental Housing Protection Act* are as follows:

If convicted; a fine up to \$50,000, or a jail term of up to one year may be imposed, or both.

For harassment, the minimum fine is \$1,000 and the maximum penalties are a fine of \$50,000, or a jail term of up to one year, or both. As an additional penalty for harassment, the Court may order a payment of up to \$2,000 to the harassed tenant.

Further, no application under the Act for the same rental property can be approved by municipal council for a period of three years following conviction for harassment.

COURT ORDER

In cases of conversions or attempts to convert rental property to condominium or co-operative, certain transient accomodation or any use other than rental property without the

approval of municipal council a court may make an order:

- requiring the conversion to halt
- requiring the converted property to be returned to rental use
- requiring an evicted person to be put back into possession of the rental unit and the tenancy restored
- any combination of the above.

FURTHER INFORMATION

To obtain further information on how the *Rental Housing Protection Act* will affect you, please call the Ministry of Housing at (416) 326-0990, or write to:

**Ministry of Housing
Rental Housing
Protection Program
415 Yonge Street, 19th Floor
Toronto, Ontario
M5B 2E7**

Copies of this brochure can be obtained at the above address, or call (416) 326-0990.

This brochure does not reflect two recent amendments to the Rental Housing Protection Act (RHPA).

First, on June 23, 1994, the Land Lease Statute Law Amendment Act, 1994 (Bill 21) came into force. It extends RHPA protections to mobile home parks and land lease communities anywhere in Ontario.

Secondly, on August 22, 1994, the Residents Rights Act, 1994 (Bill 120) came into force. It extends the protections of the RHPA and its regulations to care homes in all municipalities.

Further information on these amendments can be obtained by calling or writing the:

Rental Housing Protection
Program
Ontario Ministry of Housing
415 Yonge Street, 19th Floor
Toronto, Ontario
M5B 2E7

Phone: (416) 326-0990
Fax: (416) 326-0917

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